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CURRENT INTELLIGENCE BULLETIN

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CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. Vyshinsky "explains" Soviet position on atomic energy agency:



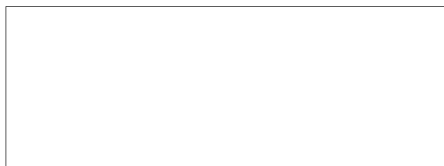
UN delegate Vyshinsky told Ambassador Lodge on 15 November that the Soviet Union was not attempting to prejudge the international atomic energy agency's re-

lationship to the UN by proposing that it should be responsible to the General Assembly and the Security Council. He said the USSR was concerned over possible "leakages" or illegal diversion of fissionable materials, and was seeking to assure that the agency would operate within the framework of the UN Charter provisions relating to the security of any state.

Vyshinsky implied that the USSR would not insist on a ban on atomic weapons prior to the establishment of the agency. He also questioned the justification of excluding a number of states from membership in the agency but, according to Ambassador Lodge, he did not seem concerned particularly about Communist China.

Comment: In view of the popularity of the "atoms for peace" program and the rapidity with which the West has moved toward its implementation, the USSR would not be inclined--despite past objections--to bear the onus of sabotaging it at this time. Moscow is probably reserving its objections for use in future negotiations on the actual establishment of the agency.

2. Normal diplomatic relations to be established between Peiping and The Hague:




A Chinese Communist chargé will be sent to The Hague and the present official Dutch representative in Peiping will be recognized as chargé by China, the

Dutch Foreign Ministry informed American officials at The Hague on 16 November. Dutch officials emphasized that this action was taken on Peiping's initiative, and that the Chinese did not seek concessions on the question of seating Communist China in the United Nations.

Comment: The Netherlands recognized Communist China in 1950, and has since maintained in Peiping a "negotiating representative" who has been largely ignored. Sino-British relations were recently normalized by an exchange of charges, and early in October Radio Peiping announced that Norway had agreed to exchange ambassadors.

Premier Chou En-lai has suggested interest in a nonaggression understanding with Ceylon, and has revealed that contacts are being made for establishing relations with Afghanistan and Israel. Peiping has never acknowledged Yugoslav recognition, but might soon do so in keeping with improved USSR relations with Belgrade.

3. Moscow embassy reports strong possibility of Orbit security conference:

 The American embassy in Moscow reports that Pravda and Izvestia carried articles on 16 November which strongly suggest that a conference on European security will be held at Moscow even if Western countries refuse to attend.

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Pravda warned that the Soviet Orbit will "contemplate new necessary measures" for its "security and defense" if the West rejects a conference and "strives for realization" of the Paris agreements. It quoted a French commentator who predicted a separate conference to set up a security system and probably to authorize an East German army.

The American embassy in Moscow suggests that the USSR may consider that a security system which would be open to further adherents at any time would add respectability to its appeals to waverers in Western Europe. The embassy notes, however, that an Orbit conference might merely issue a "Moscow declaration" stating the willingness of the Orbit countries to join in a security system.

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Comment: The Moscow press has also quoted British and American predictions that a rump conference would be held. Such a conference now seems increasingly likely. Its purpose would be to appeal to West European opponents of German rearmament. A closed Orbit organization and building up of an East German army are not likely while the Paris agreements remain unratified. [redacted]

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4. London outlines views on Iranian defense problems:

[redacted] According to the Foreign Office, Britain is prepared to inform the Shah that it hopes Iran will eventually join some regional defense pact. London feels, however, that Iran must do this in such a way as not to provoke Soviet action under the 1921 Iranian-Soviet treaty or stir up Iranian public opinion. The Foreign Office stressed that British forces will not be committed in Iran.

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Britain believes it is clearly in its interest to secure any possible improvement in the Iranian armed forces, but that Iran should be advised to develop its forces along modest lines.

Comment: These views offer a further indication that Britain is becoming more favorably inclined toward the "northern tier" approach to Middle East defense. They also reflect Britain's belief that Iran will long remain a strategic liability.

FAR EAST

5. South Korean officials say currency controversy not settled by agreement on aid:

[redacted] President Rhee, in a conversation with Economic Co-ordinator Tyler Wood on 15 November, referred to the 180 hwan to the dollar exchange rate as if this

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were a matter still to be settled to his satisfaction, according to Ambassador Briggs. In addition Combined Economic Board Representative Paek is reported to have told the press on 16 November that all points of difference with the United States were settled by the agreement on the draft economic and military aid minute except "the hwan-dollar matter."

Comment: Under the agreement initialed on 15 November which presumably settled this inflammatory issue, Seoul will make hwan currency available to the UN Command at open market rates--currently about 500 to one--and will generally fix prices of aid goods in accordance with a similar rate. The "official" rate will still remain at 180 to one, however.

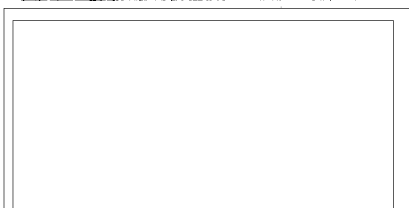
Prime Minister Pyun has already indicated that if the present agreement becomes unworkable, South Korea will want to renegotiate the issue. Rhee's plan may be to make it unworkable and then request a new round of negotiations for a "permanent" exchange rate.

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SOUTHEAST ASIA

7. French summarize Viet Minh military build-up:



French military headquarters in Indo-china, summarizing the extensive build-up of Viet Minh armed forces to date, estimates that the Viet Minh now has available one artillery and

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11 infantry divisions, the

The Viet Minh has in addition large numbers of independent regiments, battalions and companies.

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Of the more than 350,000 troops estimated by the French to be available to the Viet Minh, approximately 200,000 are organized into battalion-sized or larger units. The remainder, in district companies or village guerrilla groups, constitute an abundant manpower reserve.

The French anticipate a continued increase in Viet Minh divisional strength, using currently independent units now in North Vietnam and those redeploying from the south. A second artillery division and another infantry division are being formed, and a third artillery division is planned for activation by the end of this year. Viet Minh capabilities are also being strengthened through the addition of an artillery regiment to each infantry division.

The chief of the French aid mission to the Vietnamese army estimates that a force of 15 divisions would be required to blunt a Viet Minh thrust southward. Even a force of this size could adopt only delaying tactics unless substantial reinforcements or support were forthcoming.

WESTERN EUROPE

8. Mendes-France reports Ho "not un-co-operative":



Mendes-France told Canadian officials in Ottawa on 16 November that he had found Ho Chi Minh "not completely

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un-co-operative." He said that Jean Sainteny, the French representative to North Vietnam, is accorded VIP status and cited various instances of Viet Minh co-operation with France as reflecting Ho's attitude. He recommended a "flexible policy" as offering the best chance in Vietnam.

Comment: The American embassy in Paris has concluded that present French policy is based on the assumption that no South Vietnam government is going to be able to cope with the Communists, and that the only realistic approach is to try to win the Viet Minh away from Communist Chinese and Russian influence.